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3 JUL 1972

DD/S&T#

MEMORANDUM FOR: Deputy Director for Intelligence
Deputy Director for Plans
Deputy Director for Science and Technology
Deputy Director for Support

SUBJECT: Agency Annual Report

1. This memorandum establishes procedures for the preparation of the Agency Annual Report for the period FY 1972.

2. The outline at Tab A shows the planned structure of the Agency Annual Report. It is to be followed, as appropriate, in the preparation of the Annual Report of each contributing component. Detailed instructions on the preparation of the Annual Report are contained at Tab B.

3. Each contributing component indentified at Tab C will prepare its own Annual Report. In turn each Directorate will prepare an overall Directorate Report. The Directorate Reports can summarize the reports of the contributing components or can forward them with the report as attachments. Tab D contains supplementary Instructions for each Directorate.

4. Inputs on management direction can reference inputs to the Annual Management Report which will be submitted during the same time frame in response to Office of Management and Budget Circular No. A-44 (Revised) of May 24, 1972.

5. Submissions should reach O/PPB by July 31, 1972. O/PPB will prepare the consolidated Agency Annual Report. This report will also serve as the Agency Annual Report to the President's Foreign Intelligence Advisory Board (PFIAB).

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W. E. Colby
Executive Director-Comptroller

Attachments: As stated

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Tab A

27 June 1972

AGENCY ANNUAL REPORT

I. MAJOR DEVELOPMENTS

    A.   Continuing requirements and opportunities re the USSR and China

    B.   New Coverages
        1.   Economic
        2.   Narcotics
        3.   Southeast Asia
        4.   Other crises (India/Pakistan, Middle East)

    C.   Political Atmosphere
        1.   Abroad
        2.   At home -- Congress, leaks

    D.   CIA in the Intelligence Community

    E.   Budget Trends

II. MAJOR ACCOMPLISHMENTS AND FAILINGS [for increased effort]

    A.   Collection
        1.   Requirements
        2.   Clandestine
            a.   Human
                (1) Agent collection
                (2) Defectors
                (3) Counterintelligence
            b.   Technical
                (1) Imagery
                (2) Signals Intelligence
        3.   Overt
            a.   Human sources
            b.   Broadcast and Press Monitoring
        4.   R&D

B. Covert Action
  1. The USSR and East Europe
  2. West Europe
  3. Far East
  4. Near East/South Asia
  5. Western Hemisphere
  6. Africa

C. Production and Related Processing
  1. Finished Intelligence
     a. Estimative
     b. Political
     c. Economic
     d. Military and Space
     e. Scientific and Technological
     f. Geographic and Geodetic
  2. Processing
     a. Imagery exploitation
     b. Signal processing
     c. Information handling and support
     d. R&D

D. Support
  1. Security
  2. Communications (including R&D)
  3. Training
  4. Other

III. AHEAD

A. Resource Outlook

B. Targets
  1. Changing pattern of targets
  2. Changing program emphasis

C. Techniques
  1. Rationalization of data flows
  2. Experimental analysis
  3. Near Real Time System

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D. R&D
   1. Collection
   2. Communications
   3. Information processing and exploitation

Tab B

27 June 1972

MEMORANDUM FOR: Addressees

SUBJECT: Contributions to the Agency Annual Report

REFERENCE: Memorandum from Executive Director-
                                   Comptroller to Deputy Directors, 26 May 1972,
                                   Information Control -- Archives, History,
                                   and Records

This memorandum provides guidance for the preparation of

the Annual Report on component activities, discussed in Para. 5.d.

of referenced memorandum.

General Note

1.   Each contributing component (identified in Tab C) will

prepare its submission as a single report which meets the require-

ments of the Agency Annual Report and also constitutes a brief

history of the most significant developments in the activities of

the reporting component for the fiscal year ending 30 June 1972.

The annual reporting procedure will alleviate the persistent time

gap which has in the past characterized historical writing within

the Agency and will make available on a current basis to

management and others having a need-to-know the highlights of the

history of the Agency based on its organizational units. It is

expected that these annual reports will reduce the requirement

for structurally oriented component histories and permit the

dedication of available writing resources more to topical and

programmatic histories involving Agency participation in major

international crises. The latter aspects of the CIA Historical

Program (Para. 5.c. of reference) will be described in a forth-

coming memorandum.

2. Components will organize their contributions to the

Agency Annual Report in the framework of the outline provided

in Tab A of the instructions from the Executive Director-Comptroller,

as further explained in the following paragraphs of the present

memorandum.

I. Major Developments

3. In Part I. Major Developments, components will review

selectively the highlights of their activities during the past fiscal

year. Only the most significant developments of the year are to

be identified in this section, not all important activities; a more

expanded list of activities should be discussed in Part II, in

which each component will survey its Major Accomplishments

and Failings more systematically. Activities may be
chosen for highlighting in Part I because of their
impact on very high priority standing requirements, or
because they represent major breakthroughs in coping with
priority targets. Part I reporting should also include
component responses to major new requirements, such as
changing aspects of present targets, new functions, and
new geographic targets, particularly places where an
existing equilibrium was threatened or overturned by
internal or external forces. Responses to the foregoing
will be made by components concerned with collection,
operational support, processing, exploitation, and production,
as appropriate. Components will also identify and review
the work of task forces under their jurisdiction created
to cope with special crises.

4. Replies should also discuss in the highlights
section significant changes in the environment in which
foreign intelligence activities are conducted, as the
consequence of policy shifts by established regimes
or changes in the establishment. Contributors should
note, when relevant, the impact on their operations
of new policy thrusts of the administration, the role of
Congress and Congressmen, and the temper of the press and

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public opinion. Attention should also be given to key developments in the relations of components with other parts of the intelligence community, either as collaborators, customers, or sources of information and support. Finally, responding components should summarize trends in budget allocations for their activity as a whole as well as by major aspects of their program.

5. To be effective, Part I. Major Developments should not only highlight the activities which have received most emphasis during the fiscal year but also characterize clearly what major changes occurred in the goals and activities during the period. Employed as a management tool the historical or developmental approach is not concerned with an indiscriminate review of what happened in the past, but provides an opportunity to identify trends and developments, including the rate, amount, direction, scope, depth, and kind of change. This kind of historical scrutiny, applied comprehensively, begins with the identification of changes in the operational milieu, assesses the impact of these changes on objectives, and then follows the course of the intelligence process through the adjustment of requirements, replanning of operations, and so on, to the evaluation of the new effort. Contributors will be expected to respond appropriately

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for their portion of the process, not by presenting a
briefing of their program as it existed at some particular
time in the year, but by highlighting the major changes
in their activity during the period.

II. Major Accomplishments and Failings

6. Most components will find their program applies
to a single entry in this part of the PPB outline, although
some may identify with more than one activity. As the
title of the section indicates, respondents are not expected
to provide a complete catalogue or postmortem of all of
their activities and projects, but rather to identify,
discuss, and rate their performance in terms of major
successes and failures in a more detailed and systematic
manner than in Part I. As in the highlights section, the
emphasis is not to be on a static listing of all projects
but on developments in activities in which significant
changes occurred during the year. Subjects qualifying
for review in this section include important individual
successes in performance achieved by ongoing programs;
progress in research and development of new programs,
or in phasing new programs into operation; the degree
of success in modifying existing programs and in meeting
new requirements; and achievements in improving the efficiency
or productivity of ongoing activities. (Achievements

in R&D should be included if they are a part of the
activity of the component.) At all levels of activity
the emphasis will be on progress, evolution, and develop-
ment or, when relevant, retrogression, but not on static
description. Without becoming involved in the intricacies
of historical causation, explanations should show why
major actions were taken, especially new projects.
Results should similarly be assessed. Examples may be
used to illustrate development, but an example of success
or failure does not necessarily reflect the movement during
the period unless it is compared with an earlier example
or with a benchmark of previous performance. Contributors
are expected to judge objectively what constitutes
accomplishment, employing criteria appropriate to the
activity. Such criteria may include customer satisfaction,
impact on the opposition, achievement of goals, and cost
effectiveness.

    7. Although this report emphasizes historical
movement, the summary nature of the contribution will
limit the detail in which particular program elements
or activities can be discussed. Step-by-step accounts
of developments, meeting-by-meeting, and memorandum-by-
memorandum, as frequently encountered in component histories,

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must be digested and summarized on an aggregate rather

than an individual basis in order to preserve the sense of

movement and contain the discussion within the framework

of 10 to 20 pages appropriate to an annual report. The

use of statistical tabulations to focus the presentation,

illustrate historical development, and limit the length

of the contribution is very much encouraged.

8.   In Part II each component should show with some

specificity its response to the major new problems which

have arisen during the year and its progress or frustrations

in coping with priority continuing problems. Components

should disclose the elements and projects of their programs

in sufficient detail that the major changes within each

level can be appreciated by reviewers and consumers.

III.   Ahead

9.   Tab A provides that, in summarizing prospects

and future plans, contributors will implicitly employ,

as a point of departure, past resource allocations, target

patterns, program emphasis, data manipulation techniques,

and management approaches. The outlook section of the

annual report may be of special interest in future reviews

of the effectiveness of program planning at several

management levels. Together with the foregoing section

it is also expected to constitute a source for subsequent

historical writing.

Other Guidance

10. Chronologies. In order to satisfy the need for a concise annual report and simultaneously generate a chronicle of component activities, each contributor will append to its submission a brief chronology of major events relevant to its performance during the fiscal year. These events, identified by day and month and succinctly described, may include events in other countries affecting the activities of the component, the dates of component-inspired actions, dates of R&D breakthroughs, collection, processing, or production milestones, intelligence coups, internal reorganizations, and changes in key personnel.

11. Key Documents. Every component submitting an annual report will, as stipulated by the Executive Director's referenced memorandum of 26 May 1972 (Para. 5.b.(1)), include a list of "key documents and files for permanent inclusion in Agency Archives." This list will be reviewed within each unit "to ensure that the documents marked for archival retention are neither excessive in detail, inappropriately classified, nor incomplete through omissions. A certificate to this effect will accompany the unit's Annual report... ."

12. Supplementary written instructions will be provided to meet the needs of each Directorate. The Chief, CIA Historical Staff and the Directorate Historical

Officers will provide additional guidance to assist components in

complying with the historical requirements as delineated in this

memorandum. Completed annual reports will be submitted to

the next senior command level for review and exploitation as

inputs into the Agency Annual Report. Following approval by

reviewing components, one copy will be transmitted to PPB by

the Directorates as an enclosure to the Directorate contribution,

one copy will be returned to the component, and one copy lodged

in the Agency Archives. As required, compartmented annexes

can be compiled and held separately covering particularly

sensitive events.

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CIA Historian

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Tab C

26 June 1972

Contributors to the Agency Annual Report

DCI Area

    OGC
    OLC
    IG
    ONE
    IC

DDI

    O/DDI
    Senior Research Staff
    CRS
    DCS

STATSPEC   [ ]

    IAS
    IRS
    NPIC
    OBGI
    OCI
    OER
    OSR

DDS&T

    O/DDS&T
    OEL
    ORD
    OSA
    OCS
    OSI
    FMSAC
    OSP

DDP

    O/DDP
    Component list provided
      separately

DDS

    O/DDS
    SSA-DDS
    SSS-DDS
    OC
    OF
    OL
    OMS
    OP
    OS
    OTR

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Additional Guidelines for Historical Content
of Annual Reports by DD/S&T Offices

The CIA Historian has presented in Tab B a set of guidelines for meeting the historical requirements in drafting the dual purpose Annual Report as called for by Mr. Colby's 26 May memorandum. While these guidelines are addressed in general terms to cover the whole Agency, they are still complete and detailed enough to be easily adapted to the drafting of S&T contributions to the Annual Report.

Some particular points of emphasis for consideration in S&T reporting from the historical point of view include:

External Research and Analysis. A major policy of the S&T Directorate since its founding has been the maximum exploitation of external research to accomplish the Agency's scientific intelligence goals. The magnitude of these efforts and an indication of results should be included by those Offices engaged in such contractual activities.

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Scientific Advisory and other Committees. The role of advisory panels, committees, and boards in the orientation of the Directorate's programs during the reporting period.

Research and Development. The effects of the DCI Conference decisions of 1971 with regard to R&D; changes in trends and emphasis.

Technical Collection Systems. A report on the 1971 cancellation of the joint ORD/OSA technical collection project.

Production of Scientific Intelligence. Effect of various high-level studies in this area; any redirection of analysis/production efforts within S&T or communitywide?

Continuity. A thread of continuity from year to year on long-term programs or projects should be achieved without repeating in each annual report the same introductory facts. This applies particularly to the large collection projects which may run six to ten or more years. Emphasis should be on movement from phase to phase as new situations develop, new requirements are levied, and old ones satisfied or canceled.